

MONTHLY SNAPSHOT OF REPORTS AND ACTIVITIES

Highlights of Major Reports Issued in the Month of March:

[Report No. 10-19](#) “Third Annual and Final Report of Independent Consultant to the City of San Diego”

On February 24, 2010, Stanley Keller (the City’s Independent Consultant since January 2007) issued his Third Annual and Final Report to the City in accordance with the Cease-And-Desist Order (Order) of the United States Securities and Exchange Commission (SEC) dated November 14, 2006. Mr. Keller presented this Report to the Audit Committee and the City Council on March 8, 2010. The IBA report provided background with respect to the SEC Order, recaps reports issued to date by the Independent Consultant, highlights noteworthy excerpts, discusses City correspondence to the SEC, and discusses whether the City has complied with the SEC Order.

The Third Annual and Final Report of Independent Consultant provides 22 concluding recommendations to the City. The IBA has reviewed these recommendations and believes that most are substantially underway or already in practice; however, as discussed in the Report, there are a few, most notably finishing the development of an effective internal control system, that will require additional time and resources to complete. The IBA found Mr. Keller’s analysis/assessment to be comprehensive and thorough.

The IBA recommended that the City Council again consider developing a letter to the SEC in conjunction with the Mayor to detail significant actions taken or in progress to address each of the 22 concluding recommendations made by the Independent Consultant.

[Report No. 10-25](#) “Amendments to the SEDC and CCDC Operating Agreements and Corporation Bylaws”

Following the release of the September 2008 performance audit of the Southeastern Economic Development Corporation (SEDC) by Macias Consulting Group and a performance audit of the Centre City Development Corporation (CCDC) by Sjoberg and Evashenk in July 2009, numerous City officials and stakeholders participated in a deliberative and public process to develop a set of recommendations to effectuate greater oversight and accountability of the non-profit corporation redevelopment entities – SEDC and CCDC.

Based on the findings of the corporation performance audits, twenty five recommended changes to the Operating Agreements and/or Bylaws (See IBA Report 09-70) were presented to the City Council on September 8, 2009. At that meeting, the Council voted 6-1 to adopt the recommended changes with amendments to recommendations #1, #2, #8, and directed the IBA to work with Redevelopment staff and the City Attorney’s Office to make the proposed changes and to include standard legal provisions/recommended revisions deemed necessary and then return to the City Council and Redevelopment Agency for approval.

(Continued on Page 2)

Reports Highlighted for the Month of March 2010:

“Third Annual and Final Report of Independent Consultant to the City of San Diego”

[Report No. 10-19](#) (3/2/10) (PDF:84K)

“Amendments to the SEDC and CCDC Operating Agreements and Corporation Bylaws”

[Report No. 10-25](#) (3/10/10)

(PDF:79K)

[Attachment A](#)

(PDF:305K)

[CCDC Operating Agreement](#)

(PDF:1.3M)

[CCDC Bylaws](#) (PDF:752K)

“Review of FY 2010 Mid-Year Budget Monitoring Report and Impact on the FY 2011 General Fund Budget”

[Report No. 10-26](#) (3/18/10)

(PDF:94K)

“Revenue Options for the City of San Diego”

[Report No. 10-29](#) (3/22/10)

(PDF:194K)

“City of San Diego Restricted Revenues”

[Report No. 10-30](#) (3/22/10)

(PDF:574K)

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Report No. 10-25 “Amendments to the SEDC and CCDC Operating Agreements and Corporation Bylaws” (continued from Page 1)

Since September 8, 2009, the IBA, City Redevelopment Agency staff, and City Attorney staff worked on updating the Corporations’ Bylaws and Operating Agreements and then returned to the City Council/Redevelopment Agency on March 22, 2010.

On March 22, 2010, the City Council voted 6 to 2 in favor of approving the Amended Bylaws and Operating Agreements, and Articles of Incorporation for SEDC and CCDC. The action approved for CCDC was amended to include language consistent with California Health and Safety Code sections 33070 and 33071. These sections state the need for housing and employment opportunities for all people of the State and note that the purpose of redevelopment is to expand opportunities for jobless, underemployed and low-income persons.

Report No. 10-26 “Review of FY 2010 Mid-Year Budget Monitoring Report and Impact on the FY 2011 General Fund Budget”

The Chief Financial Officer issued the Fiscal Year 2010 Mid-Year Budget Monitoring Report on February 24, 2010, which describes the current status of revenues and expenditures, and their year-end projections, based on actual (unaudited) data from July 2009 through December 2009. The report notes that the budget amendments approved by the Council in December 2009, which were necessary to ensure a balanced General Fund budget by year-end and for next fiscal year, have been taken into consideration.

At the March 3, 2010 Meeting of the Budget and Finance Committee, the Committee requested that the Mid-Year Budget Monitoring Report be forwarded to the City Council, and also requested that the IBA prepare a report on the projected deficit for Fiscal Year 2011. In addition, a report on vacant positions by department was requested, with an indication of which positions are revenue generating.

Current projections as reported in the Mid-Year Budget Monitoring Report reflect a net budgetary shortfall of \$11.2 million, however, no budget adjustments are recommended at this time. It is anticipated that mitigation efforts to reduce projected expenditures to eliminate the shortfall will be successful.

This report concluded that based on IBA review of revised revenue projections and known expenditure changes, the IBA estimates that an additional General Fund deficit of \$45 million could be expected for FY 2011. This is comprised of additional revenue reductions of approximately \$30 million, and an increase to the Retirement ARC payment of \$15 million. The City Council approved the Mid-Year Budget Monitoring Report on March 25, 2010.

Report No. 10-29 “Revenue Options for the City of San Diego”

On October 27, 2009, with the passage of Resolution R-305324, the City Council authorized the establishment of the Citizens’ Revenue Review and Economic Competitiveness Commission. Among the Commission’s goals is to research and review revenue strategies to support the City’s core services and make recommendations for consideration by the Mayor and City Council.

This report provided the Citizens’ Revenue Review and Economic Competitiveness Commission with a number of revenue generating options for possible consideration in addressing its revenue review mandate. In reviewing the revenue options in the report, beyond the fiscal impact, the Commission will have to evaluate the viability of specific options based on a number of policy considerations, including impacts to tax payers and implementation concerns. Since many of the options outlined require voter approval, the Commission’s recommendations will contribute to a larger discussion involving citizens, stakeholder groups, and city officials that will ultimately determine the feasibility and realization of any of the revenue solutions.

Report No. 10-30 “City of San Diego Restricted Revenues”

This report, issued on March 22, 2010, was prepared to provide information to the Citizen’s Revenue Review and Economic Competitiveness Commission (CRRECC), and was presented at the CRRECC meeting on Thursday, March 25, 2010.

Some of the City’s revenue sources are guided by restrictions outlined in the City’s Charter, its Municipal Code, and/or Council Policies. These restrictions, limitations and allocation guidelines either reduce general revenue sources that would otherwise flow to the General Fund, or require certain funding levels within the General Fund. These sources include:

- Transient Occupancy Tax
- Business License Tax
- Franchise Fees
- Parking Meter Revenue
- Mission Bay Lease Revenue

This report described these sources, and outlined considerations for possible policy, Municipal Code, or Charter changes that could increase revenue to the General Fund, or create budgetary flexibility, without creating new fees or taxes, or increasing rates of existing fees or taxes.

Other Reports Issued in the Month of March 2010:

[Report No. 10-21](#) (3/4/10) (PDF:81K)
“McGuigan Settlement Modification”

[Report No. 10-22](#) (3/4/10) (PDF:37K)
“Review of the City Comptroller’s Kroll Remediation Status Report”

[Report No. 10-23](#) (3/4/10) (PDF:87K)
“Water Submetering Ordinance”

[Report No. 10-24](#) (3/5/10) (PDF:42K)
“Lease Revenue Refunding Bonds, Series 2010A (Master Refunding)”

[Report No. 10-27](#) (3/18/10) (PDF:66K)
[Attachment 1](#) (3/18/10) (PDF:485K)
“Wastewater System: Senior Sewer Revenue Refunding Bonds”

[Report No. 10-28](#) (3/19/10) (PDF:81K)
“San Diego Clean Generation Program: Proposed Resolutions of Intention to Form Special Tax District and Incur Bonded Indebtedness”

[Report No. 10-31](#) (3/30/10) (PDF:64K)
[Attachment 1](#) (2/22/10) (PDF:191K)
[Attachment 2](#) (3/30/10) (PDF:290K)
“Timetable for Development of Structural Budget Deficit Elimination Plan”

The IBA has updated our “Citizen’s Guide to the City’s Budget Process.” Please visit our lobby or website at www.sandiego.gov/iba for the latest version.



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